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C O N F I D E N T I A L SECTION 01 OF 03 ABUJA 000123

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SUBJECT: NIGERIA: UPDATE FROM NLC PRESIDENT OSHIOMHOLE

REF: ABUJA 2744

CLASSIFIED BY AMBASSADOR HOWARD F. JETER: REASON 1.5(D).

1. (C) SUMMARY: In a late 2002 meeting with Ambassador Jeter, Nigeria Labour Congress (NLC) President Adams Aliyu Oshiomhole discussed talks he held with World Bank and IMF representatives on poverty reduction and worker rights. Oshiomhole revealed to the Ambassador an ambitious policy agenda, including a possible fight with the GON over a 12.5% pay increase for civil servants in 2003. He said that the NLC has grown leery of striking against fuel cost hikes. Oshiomhole cited the Administration's inconsistent economic policies, particularly its failure to address low productivity, lack of foreign investment, corruption and private sector inertia as major hurdles to improving the conditions of working class Nigerians. The NLC President conceded that privatization is not inherently bad, but the GON needs to keep parastatals such as the Nigerian National Petroleum Corporation (NNPC) to protect national and worker interests. END SUMMARY

Strange Bedfellows

2. (U) Ambassador Jeter and Econoff met Nigeria Labour Congress (NLC) President Adams Aliyu Oshiomhole in late 2002. Oshiomhole, just returning from an IMF/World Bank-sponsored meeting with some 90 international labor leaders in Washington, characterized the meetings as constructive and enlightening. The IMF/Bank's Poverty Reduction Strategy Program (PRSP) surprisingly paralleled the NLC agenda, he stated. Oshiomhole, a strong critic of GON dealings with the two IFIs, commended their position promoting a living wage and the freedom of association -- two crucial pillars for organized labor.

3. (U) Oshiomhole stated the IMF had often been the GON's scapegoat but the truth was that public spending in Nigeria had never stimulated economic growth. Nigeria's workers had many priorities, especially medium to low-income housing, added Oshiomhole. He complained an average worker was unable to borrow money to purchase a house, but the GON was doing little to remedy this deficiency. Regardless of the IMF, the GON was spending billions of Naira building a National Stadium in Abuja.

Difficult to Compete with Asia

4. (U) Oshiomhole stated that Nigeria's markets are flooded with Chinese goods and that the international community should make the playing field level for all nations. During a visit to China, he observed workers laboring 10 to 12 hour days, six to seven days a week. Oshiomhole added that the NLC and Nigerian worker would not accept lower wages, longer hours, and worse working conditions in order to compete with China. He then said that poverty would not be reduced unless the worker received a living wage.

Nigeria's Corruption

5. (C) Oshiomhole blamed much of Nigeria's corruption on 16

years of military rule, saying military leaders bloated the civil service with unmotivated workers. Under current economic conditions, he stated, "These people cannot live on their wages, which breeds corruption." The civil service consumes an estimated 67% of the GON's annual budget, he said. He then chided the Obasanjo Administration, which set ambitious economic goals in 1999, but like its military predecessors, had sapped the economy's potential for growth through over-reliance on oil exports. The GON failed to jumpstart the non-oil sector, he chided. The NLC President said the GON had also failed to address the problems of low worker productivity, under-investment from abroad, corruption and private sector inertia. The Ambassador asked whether former military ruler Ibrahim Babangida was labor friendly. Oshiomhole responded that Nigerian politicians are devious. No leader really looked at what would be "good democracy." He then said that Obasanjo, like Babangida, acknowledged fraud and corruption but did nothing about it.

Corruption: No End to Parallel Market

16. (C) The Ambassador then asked what Oshiomhole thought of the IMF's Nigeria program, particularly its call for harmonizing the AFEM (official) and parallel market exchange rates. Oshiomhole thought the GON would not eliminate the parallel currency market because many in government were getting rich by manipulating it. Oshiomhole said Nigerian ministries often withhold salary payments for months to enrich themselves by moving money in and out of the parallel market or simply collecting the interest from the money. By the time the civil servant gets paid, unscrupulous businessmen and many GON officials have earned considerable sums from that worker's salary, he stated.

Corruption: Too Much Overhead

17. (C) Government officials, high-ranking civil servants, and National Assembly Members bill millions of Naira in overhead to the GON, said Oshiomhole. This scheme too is not complicated; the official travels to Lagos or New York and collects thousands of dollars in per diem, charging lavish hotel rooms and even family travel to the GON. The National Assembly is especially adept at allocating money to specious activities, he commented.

The NLC View on Privatization

18. (C) Oshiomhole said that the GON should privatize NITEL and NEPA because they had failed as public utilities. Nigeria must have functioning telephones and electricity; otherwise, the cost of doing business is too high for the country to become competitive and workers will suffer as a result. However, the NLC had strong reservations about privatizing NNPC because of the revenue it generates for the public interest.

NLC's Evolving Policy Agenda

19. (U) Oshiomhole listed many NLC advocacy programs: child labor awareness campaign, worker capacity-building, living wages and proper working conditions, and a government transparency campaign. Oshiomhole stated that most in the GON misunderstood the NLC's goals, seeing the union as an adversary not as a partner. The NLC President said the union was largely apolitical, but added that it would support the Presidential candidate best for workers.

110. (U) The Ambassador asked why the NLC had pushed the GON for a 25% pay increase in September, but accepted a 12.5% increase starting January 1, 2003, a move which the Ambassador commended as rational given Nigeria's economic situation. Oshiomhole agreed strongly that the deal was good given the GON's current economic constraints.

111. (C) COMMENT: The GON's economic blueprint for 2003-2007 aims to downsize the civil service and pay its workers competitive salaries to boost productivity and curb recurrent expenditures. In late December, President Obasanjo said he would not grant civil servants a 12.5% pay increase. Oshiomhole, in turn, has repeatedly stated that workers would

attempt to "make the country ungovernable" (i.e., attempt a general strike) if the 12.5% pay rise were not implemented in 2003. The GON is in a difficult position; if it grants the pay raise, Nigeria's finances will be even more confused; if not, the country might experience sporadic strikes during an already politically tense time. The NLC's National Conference comes up in a few weeks and the 12.5% pay increase is likely to be the centerpiece of its deliberations and possible calls for a strike action by NLC workers nationwide. END COMMENT

No Fuel Cost Increase Strikes

12. (U) The Ambassador inquired why the January 2002 fuel strike had fizzled. Oshiomhole said the NLC had the public's support and thought the strike was effective. The NLC judged, however, that it was more important to maintain the rule of law, instead of extending the strike, he claimed. Oshiomhole said that the situation was tricky, and the NLC gave the GON a viable option. The NLC leader said he suggested that the GON not raise prices but instead let fuel prices drop, so that people could see a real commitment by Abuja to the people. He said the NLC would have not have struck if fuel prices rose slowly instead of the steep increase the GON proposed. The GON did not accept his deal.

13. (U) NOTE: In January 2002, Oshiomhole had led a two-day nation-wide strike protesting the GON's hike in fuel prices. After a Nigerian court ruled that the strike was illegal and Oshiomhole and several others were briefly arrested, support for the strike quickly fizzled. Disinterest and general apathy forced the NLC to call off the strike action, but it cited "respect for the law" as the reason. The price increase stood. END NOTE

14. (U) Oshiomhole said the NLC had learned a lesson that in embarrassing Obasanjo with the strike, the President was less willing to engage in dialogue. He said that Obasanjo was increasingly temperamental and lacked trust in the NLC.

Honored and Humbled

15. (U) Oshiomhole thanked the Ambassador for the USG's considerable support for the NLC. Oshiomhole stated that he was "honored and humbled" by a recent USG-sponsored visit to the U.S. and especially appreciated meetings with U.S. labor organizations. He said that the NLC had been an alliance with the AFL-CIO, and added that the NLC had signed an agreement with the Carter Center.

NLC: One of Nigeria's Only National Institutions

16. (C) COMMENT: The frank, well-spoken and well-traveled Oshiomhole was confident and on top of his brief during the meeting. Some of Oshiomhole's arguments, however, seemed disingenuous; for example, he argued for higher wages while refusing to acknowledge that Nigerians need to work harder and longer hours to compete in the international market. He also bristled at times, especially when asked about his arrest in January 2002. Despite labor's weaknesses, Oshiomhole draws considerable influence from the fact that he heads one of the only truly national institutions that claim membership across the country, transcending ethnic, regional and religious divides. If the GON refuses to meet the NLC's pay-raise demands in 2003, Oshiomhole and the NLC might feel compelled to call strikes and stoppages. While understandable from the NLC's perspective, such action could raise political tension at a time when political activity will already be frenetic in the lead up to the general elections in April. In the past Oshiomhole and President Obasanjo have been close, with frequent informal discussions behind closed doors. Obasanjo will need Oshiomhole for his current bid for a return to Aso Rock. END COMMENT
JETER